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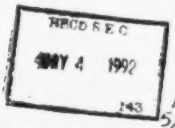


FORM 10-Q

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(Mark One)
__X__ QUARTERLY REPORT PURSUANT TO SECTION 13 OR (15d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1992

OR

_____ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 0-9876

PROCESSED BY
MAY 7 1992
Microfilmed by
Q-Data Corp. - St. Petersburg, FL

WEST ONE BANCORP

Idaho	84-0384947
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

101 South Capitol Boulevard, P.O. Box 8247, Boise, Idaho	83733
(Address of principal executive offices)	(Zip Code)

(208) 383-7000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes __X__ No _____

APPLICABLE ONLY TO CORPORATE ISSUERS:

At April 20, 1992, 14,060,342 shares of the registrant's common stock, $1 par value, were outstanding.

EXHIBIT INDEX IS LOCATED ON PAGE 8

CONSOLIDATED BALANCE SHEETS
WEST ONE BANCORP AND SUBSIDIARIES (Unaudited)

(Dollars in thousands)	March 31, 1992	March 31, 1991	December 31, 1991
Assets			
Cash and due from banks	$ 296,263	$ 365,230	$ 315,573
Due from banks - interest bearing	312,900	251,834	174,101
Federal funds sold, securities purchased under agreements to resell and other	5,945	25,627	30,434
Investment securities:			
United States Treasury and other Government agencies	479,799	487,098	538,351
State and municipal bonds	213,142	187,281	209,548
Mortgage-backed securities	235,153	241,919	292,875
Other	192,356	131,987	179,097
Total investment securities	1,120,450	1,048,285	1,219,871
Loans:			
Commercial	1,074,051	1,032,715	1,062,411
Agricultural	277,370	258,652	317,480
Real estate	1,179,438	1,085,895	1,179,101
Consumer	775,546	773,787	737,076
Leases	135,883	122,216	141,383
Total loans	3,442,288	3,273,265	3,497,451
Allowance for credit losses	(54,356)	(49,413)	(53,048)
Net loans	3,387,932	3,223,852	3,444,403
Premises and equipment	88,672	90,577	90,491
Interest receivable	44,538	52,030	47,778
Other assets	90,283	94,539	94,548
Total assets	$5,346,983	$5,151,974	$5,417,199
Liabilities			
Deposits:			
Noninterest bearing	$ 692,021	$ 701,005	$ 669,037
Interest bearing demand	454,005	395,941	438,294
Regular and money market savings	1,202,282	960,716	1,129,957
Time certificates under $100,000	1,324,951	1,471,679	1,437,245
Time certificates $100,000 and over	340,768	414,598	369,875
Total deposits	4,014,027	3,943,939	4,044,408
Federal funds purchased and securities sold under agreements to repurchase	688,689	609,972	618,861
Other short-term borrowings	70,748	126,485	206,284
Long-term debt	110,434	59,281	111,881
Other liabilities	84,812	70,234	68,717
Total liabilities	4,968,710	4,809,911	5,050,151
Shareholders' equity			
Common stock, $1.00 par value: Authorized 36,000,000 shares; issued and outstanding 14,050,832, 13,857,061 and 14,031,202 shares, respectively	14,051	13,857	14,031
Capital surplus	174,468	168,956	173,823
Retained earnings	189,754	159,250	179,194
Total shareholders' equity	378,273	342,063	367,048
Total liabilities and shareholders' equity	$5,346,983	$5,151,974	$5,417,199

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENTS OF INCOME

West One Bancorp and Subsidiaries (Unaudited)

(Dollars in thousands, except per share data)	For the quarter ended March 31, 1992	1991
Interest income		
Loans	$ 79,539	$ 86,482
Short-term investments	3,195	4,100
Interest and dividends on investments:		
United States Treasury and other Government agencies	9,106	10,243
State and municipal bonds	3,356	3,111
Other	8,185	7,310
Total interest income	103,381	111,246
Interest expense		
Deposits	43,513	51,992
Federal funds purchased and securities sold under agreements to repurchase	5,979	8,212
Other short-term borrowings	1,309	2,551
Long-term debt	2,422	1,710
Total interest expense	50,225	64,465
Net interest income	53,156	46,781
Provision for credit losses	4,846	6,313
Net interest income after provision for credit losses	48,310	40,468
Noninterest income		
Trust fees and commissions	2,733	2,561
Service charges on deposit accounts	7,108	5,835
Other service charges, fees and commissions	6,851	5,981
Other income	2,128	3,994
Securities gains	698	25
Total noninterest income	19,518	18,416
Noninterest expense		
Employee compensation and benefits	23,648	22,166
Net occupancy	2,970	2,897
Equipment	3,472	3,004
Supplies and services	6,266	5,892
Marketing	1,523	1,915
Insurance	3,075	2,602
Other operating expense	6,227	4,882
Total noninterest expense	47,181	43,358
Income before taxes	20,647	15,526
Provision for income taxes	6,434	4,408
Net income	$ 14,213	$ 11,118
Primary earnings per share	$ 1.00	$ .80
Fully diluted earnings per share	.95	.80
Dividends declared per share	.26	.24

The accompanying notes are an integral part of the financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
West One Bancorp and Subsidiaries (Unaudited)

(Dollars in thousands)	For the three months ended March 31, 1992	1991
Cash flows from operating activities:		
Net income	$ 14,213	$ 11,118
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	4,846	6,313
Depreciation of premises and equipment	2,546	2,305
Amortization and accretion of premiums and discounts	1,735	1,343
Amortization of intangible assets and other assets	1,839	1,447
Gain on reacquisition of long-term debt	(73)	(1,768)
Change in assets and liabilities:		
Interest receivable	3,240	(366)
Trading account securities	9,272	331
Other assets	8,142	(3,403)
Other liabilities	(6,072)	4,251
Net cash provided by operating activities	39,688	21,491
Cash from investing activities:		
Change in other short-term investments, maturities less than 90 days	(124,594)	(169,919)
Purchase of investment securities	(145,181)	(155,862)
Maturities, retirements and sales of investment securities	259,767	143,314
Change in loans	48,864	9,666
Purchase of premises and equipment	(1,456)	(1,381)
Sale of premises and equipment	727	89
Additions to intangible assets	(421)	(10)
Sale of other real estate owned	3,478	1,322
Net cash provided by (used by) investing activities	41,186	(172,781)
Cash from financing activities:		
Deposits	(30,381)	83,058
Other short-term borrowings, maturities less than 90 days	(120,568)	82,321
Proceeds from short-term borrowings	89,194	53,172
Payments on short-term borrowings	(34,334)	(18,422)
Payments on long-term debt	(1,380)	(13,589)
Proceeds from issuance of common stock	652	1,455
Cash dividends paid	(3,367)	(2,930)
Net cash provided by (used by) financing activities	(100,184)	185,065
Net increase (decrease) in cash and due from banks	(19,310)	33,775
Cash and due from banks at beginning of year	315,573	331,455
Cash and due from banks at March 31	$ 296,263	$ 365,230
Supplemental information:		
Total interest paid	$ 50,834	$ 64,188
Total income taxes paid	586	600
Loan charge-offs	6,435	6,705
Securities purchased not settled	21,894	–

The accompanying notes are an integral part of the financial statements.

NOTES TO QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS
West One Bancorp and Subsidiaries

These statements are unaudited financial statements and should be read in conjunction with the 1991 Annual Report of West One Bancorp and Subsidiaries (the Company). All adjustments (consisting only of normal recurring accruals and the acquisition as discussed below) which are, in the opinion of management, necessary to present fairly the consolidated financial position and results of operations have been made in the accompanying financial statements.

RECLASSIFICATION Certain reclassifications of 1991 amounts were made in order to conform to the 1992 presentation, none of which affect previously reported net income.

ACQUISITION In December, 1991, the Company acquired all of the outstanding stock of Washington Federal Savings Bank, in exchange for 1,024,515 shares of the Company's common stock. The combination has been accounted for as a pooling of interests and all financial data for periods prior to the acquisition has been restated to include Washington Federal Savings Bank.

SUBSEQUENT EVENTS On April 2, 1992, West One Bancorp entered into definitive agreements with Bank of America Oregon (Bank America), Security Pacific Bank Washington and Security Pacific Savings Bank (Security Pacific) to acquire 38 branches in Washington from Security Pacific and three branches in Oregon from Bank America. As a result, West One Bancorp will assume deposit liabilities of approximately $1.3 billion and loans of approximately $800 million from Security Pacific and deposit liabilities of approximately $54 million from Bank America. The acquisition is subject to regulatory approval.

On April 24, 1992, West One Bancorp entered into a definitive agreement with Yakima Valley Bank in Yakima, Washington to acquire all outstanding common stock of Yakima Valley Bank in exchange for shares of West One Bancorp common stock. The purchase price is $17.5 million plus the annualized undistributed 1992 net income of Yakima Valley Bank computed through the month-end preceding the actual closing date. The value of West One Bancorp's common stock will be determined based on average market price during a specified period preceding the acquisition date. The acquisition of this four-branch, $120 million asset bank is subject to approval by regulatory authorities and the shareholders of Yakima Valley Bank.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

PERFORMANCE SUMMARY

West One Bancorp reported earnings of $14.2 million in the first quarter of 1992, a 28% increase compared to the $11.1 million earned in the first quarter of 1991. Fully diluted earnings per share were $.95 for the first quarter of 1992 compared with $.80 in the same period last year. The Corporation achieved a return on average assets of 1.07% and return on average shareholders' equity of 15.39% in the first quarter of 1992. The improvement in earnings was primarily attributable to higher net interest income and a lower provision for credit losses.

Economic conditions improved in the Corporation's market area of Idaho, Oregon, Utah and Washington during the first quarter of 1992. Idaho's non-farm employment grew at the fastest rate in the nation, while Washington's growth was tenth, Utah's eleventh and Oregon's fourteenth among the fifty states. Residential construction activity was strong in Idaho and Utah throughout 1991 and continued to perform well during the first quarter of 1992. Oregon and Washington experienced slowdowns in residential construction activity in 1991; however, strong signs of recovery were evident in the first quarter of 1992.

NET INTEREST INCOME

Taxable equivalent net interest income was $56.3 million in the first quarter of 1992, up 13% from $49.7 million in the same period last year. The increase resulted from earning asset growth and a higher net interest margin. During the first quarter of 1992, earning assets averaged $4.9 billion, an 8% increase from $4.5 billion in the comparable period last year. The Corporation's net interest margin was 4.66% for the first quarter of 1992, up 18 basis points from 4.48% in the first quarter of 1991. Strong economic conditions, a steeper yield curve and a favorable funding mix contributed to higher net interest income in the first quarter of 1992. The unavailability of federal treasury, tax and loan balances during the first quarter of 1992 caused a decline in other short borrowings.

PROVISION AND ALLOWANCE FOR CREDIT LOSSES

The provision for credit losses was $4.8 million in the first quarter of 1992, a 23% decline from $6.3 million for the same period a year ago. Net charge-offs were $3.5 million in the first quarter of 1992, down 25% from $4.7 million in the corresponding quarter last year. The improvement included a 46% increase in credit recoveries to $2.9 million, representing the success of on-going efforts to collect previously charged-off loans.

Nonperforming assets were $50.0 million at March 31, 1992 and represented .93% of assets compared to .95% a year ago. Nonperforming assets increased slightly from $49.0 million at March 31, 1991 and declined 7% from $54.0 million reported at December 31, 1991. The allowance for credit losses was $54.4 million at the end of the first quarter of 1992 and represented 1.58% of loans, up from 1.51% last year. The allowance for credit losses represented 136% of nonperforming loans at March 31, 1992 compared to 129% a year ago and 125% at December 31, 1991.

NONINTEREST INCOME AND EXPENSE

Noninterest income in the first quarter of 1992 totaled $19.5 million, an increase of 6% from $18.4 million recorded in the same period last year. Service charges on deposit accounts increased due to account growth, increased activity levels and restructured fees. Income related to real estate loan production and servicing also contributed to the improved performance. In the first quarter of 1991, a gain of $1.8 million was recorded in other income as the Corporation reacquired capital notes. Excluding this gain and securities gains, recurring noninterest income increased 13% in the first quarter of 1992 compared to the prior year's quarter.

Noninterest expense was $47.2 million in the first quarter of 1992, up 9% from the corresponding period a year ago. Salary expense increased due to new branches, the additional costs of staffing targeted growth areas, incentive pay and merit increases. Higher deposit insurance premiums assessed by the FDIC also contributed to the increase. Other operating expenses exceeded the prior year's quarter due to an increase in postal rates, amortization expense associated with purchased mortgage loan servicing and expenses related to the disposition of other real estate owned.

CAPITAL ADEQUACY

Shareholders' equity was $378.3 million at March 31, 1992, an 11% increase from $342.1 million at March 31, 1991. Average shareholders' equity represented 6.95% of average assets for the first quarter of 1992 compared to 6.78% in the same quarter last year. Capital adequacy levels established by the Federal Reserve Board for bank holding companies require minimum Tier 1 and total capital ratios of 4% and 8%, respectively, by December 31, 1992. The Corporation's Tier 1 and total capital ratios were 9.12% and 12.28%, respectively, at March 31, 1992. The Corporation's leverage ratio using Tier 1 capital and calculated according to Federal regulations was 6.81%. The tangible equity to assets ratio was 6.53% at March 31, 1992 compared to 6.07% a year ago.

In July 1991, the Corporation issued $50 million of 15-year, 7.75% convertible subordinated debentures to be used for general corporate purposes. The debentures qualify as Tier 2 capital and served to strengthen the Corporation's capital and liquidity positions.

OTHER EVENTS

On April 2, 1992, West One Bancorp entered into definitive agreements with Bank of America Oregon (Bank America), Security Pacific Bank Washington and Security Pacific Savings Bank (Security Pacific) to acquire 38 branches in Washington from Security Pacific and three branches in Oregon from Bank America. As a result, West One Bancorp will assume deposit liabilities of approximately $1.3 billion and loans of approximately $800 million from Security Pacific and deposit liabilities of approximately $54 million from Bank America. The acquisition is subject to regulatory approval.

On April 24, 1992, West One Bancorp entered into a definitive agreement with Yakima Valley Bank in Yakima, Washington to acquire all outstanding common stock of Yakima Valley Bank in exchange for shares of West One Bancorp common stock. The purchase price is $17.5 million plus the annualized undistributed 1992 net income of Yakima Valley Bank computed through the month-end preceding the actual closing date. The value of West One Bancorp's common stock will be determined based on average market price during a specified period preceding the acquisition date. The acquisition of this four-branch, $120 million asset bank is subject to approval by regulatory authorities and the shareholders of Yakima Valley Bank.

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibit 2 - Agreement and plan of reorganization of Yakima Valley Bank - Page 10.

Exhibit 11 - Statement regarding computation of per share earnings - Page 55.

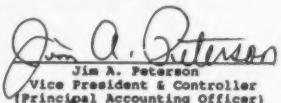
(b) Reports on Form 8-K - During the period for which this report is filed, the Company filed a Current Report on Form 8-K dated April 15, 1992.

SIGNATURES

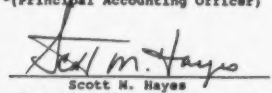
Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the under-signed thereunto duly authorized.

WEST ONE BANCORP

Date: May 1, 1992



Jim A. Peterson
Vice President & Controller
(Principal Accounting Officer)



Scott M. Hayes
Executive Vice President and
Chief Financial Officer

EXHIBIT 2

AGREEMENT AND PLAN OF REORGANIZATION

Pursuant to Sections 30.04.550 through 30.104.575 of the Revised Code of Washington

THIS AGREEMENT AND PLAN OF REORGANIZATION made as of the 24th day of April, 1992, between WEST ONE BANCORP ("West One"), an Idaho corporation having its principal office in Boise, Idaho; WEST ONE BANCORP, WASHINGTON ("West One-Washington"), a corporation organized under the laws of the State of Washington; and YAKIMA VALLEY BANK (the "Bank"), a banking corporation organized under the laws of the State of Washington

W I T N E S S E T H T H A T :

WHEREAS, West One is a bank holding company which owns all of the issued and outstanding capital stock of West One-Washington, another bank holding company;

WHEREAS, West One and West One-Washington desire to affiliate with the Bank;

WHEREAS, the Board of Directors of the Bank has determined that it would be in the best interests of the Bank and its shareholders, its customers, and the area served by it to become affiliated with West One and West One-Washington;

WHEREAS, the respective Boards of Directors of the Bank, West One, and West One-Washington have agreed to the acquisition by West One-Washington of all of the issued and outstanding shares of the common stock of the Bank (the "Bank Common Stock") in exchange for shares of the common stock of West One (the "Share Exchange") pursuant to the provisions of sections 30.04.550 through 30.04.575 of the Revised Code of Washington, as amended; and

WHEREAS, the parties intend that the transactions contemplated by the Share Exchange qualify as a tax-free reorganization under section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code");

NOW, THEREFORE, in consideration of these premises and the mutual agreements hereinafter set forth, the parties agree as follows:

1. Reorganization.

1.1. Form of Reorganization.

(a) On the date upon which the Share Exchange shall become effective, as determined in accordance with Section 2 of this Agreement (the "Effective Date"), West One-Washington shall, without any further action on its part or that of West One or on the part of the holders of Bank Common Stock, automatically and by operation of law acquire and become the owner for all purposes of all the then issued and outstanding shares of Bank Common Stock and shall be entitled to have issued to it by the Bank a certificate or certificates representing such shares. Thereafter, West One-Washington shall have full and exclusive power to vote such shares of Bank Common Stock, to receive dividends thereon, and to exercise all rights as an owner thereof.

(b) On the Effective Date, the holders of the then issued and outstanding shares of Bank Common Stock shall, without any further action on their part or on the part of West One-Washington or of West One, automatically and by operation of law cease to own such shares. Each holder of a stock certificate or certificates representing outstanding shares of Bank Common Stock immediately prior to the Effective Date, upon surrender of such certificate or certificates after the Effective Date, shall be entitled to receive in exchange therefor such consideration as is provided in Section 1.2 hereof, for his shares of Bank Common Stock outstanding on the Effective Date. All theretofore-unexercised options to purchase shares of Bank Common Stock shall be cancelled on and as of the Effective Date.

1.2. Consideration for Acquisition.

(a) Definitions. For the purposes of this Agreement, the following terms shall have the meanings set forth in this Subparagraph (a). Additional terms may be defined elsewhere herein.

(i) Average Closing Price. The average (rounded to the nearest penny) of each Daily Sales Price of West One Stock for the ten consecutive trading days ending on and including the twentieth trading day preceding the Effective Date. Notwithstanding the foregoing, the Average Closing Price shall be a number of dollars and cents not less than $35.00 nor more than $44.00. All prices per share under this Section 1.2(a)(i) shall be appropriately adjusted to account for stock dividends, split-ups, mergers, recapitalizations, combinations, conversions, exchanges of shares or the like.

(ii) Daily Sales Price. For any trading day, the mean (unrounded) of the closing bid and asked prices of West One

Stock in the over-the-counter market as such prices are reported by the automated quotation system of the National Association of Securities Dealers, Inc., or in the absence thereof by such other source upon which West One and the Bank shall mutually agree.

(iii) Dissenting Shares. The shares of Bank Common Stock held by those shareholders of the Bank who have timely and properly exercised their dissenters' rights in accordance with all applicable laws (the "Appraisal Laws").

(iv) Effective Purchase Price. The sum of (a) Seventeen Million Five Hundred Thousand Dollars and No Cents ($17,500,000.00) and (b) the Net Incremental Earnings, it being understood that in the event that the Net Incremental Earnings should be a negative number, the effect of adding such a negative number will be to reduce the Effective Purchase Price.

(v) Net Incremental Earnings. The net undistributed income of the Bank between January 1, 1992 and the last day of the calendar month preceding the Effective Date, annualized by dividing the foregoing amount by the number of months elapsed in 1992 and multiplying by twelve, less any undistributed income derived from activities or transactions which are not normal and recurring banking operations (such as, without limitation, the sale of securities or loans, of capital assets, or of lines of business) it being understood that all fees and costs incurred by the Bank attributable to the transaction subject to this Agreement, including legal fees, advisory fees, and printing costs, will be excluded from the calculation. All of the determinations to be made pursuant to this subparagraph (iv) shall be in accord with generally accepted accounting principles.

(vi) West One Stock. The common stock of West One, par value $1.00 per share.

(b) Form of Consideration. Subject to the terms, conditions and limitations set forth herein, upon surrender of his certificate or certificates in accordance with Section 1.1 hereof, each holder of shares of Bank Common Stock shall be entitled to receive, in exchange for each share of Bank Common Stock held of record by such stockholder as of the Effective Date, that number of shares of West One Stock calculated by dividing the Effective Purchase Price by the Average Closing Price, and by further dividing the number so reached by the number of shares of Bank Common Stock that shall be issued and outstanding at the Effective Date.

1.3. No Fractional Shares. West One will not issue fractional shares of West One Stock. In lieu of fractional shares of West One Stock, if any, each shareholder of the Bank who is entitled to a fractional share of West One Stock shall receive an

amount of cash equal to the product of such fraction times the Average Closing Price. Such fractional share interest shall not include the right to vote or to receive dividends or any interest thereon.

1.4. Dissenting Shares. Notwithstanding anything to the contrary herein, each Dissenting Share whose holder, as of the Effective Date of the Share Exchange, has not effectively withdrawn or lost his dissenters' rights under the Appraisal Laws, shall not be converted into or represent a right to receive West One Stock, but the holder thereof shall be entitled only to such rights as are granted by the Appraisal Laws. Each holder of Dissenting Shares who becomes entitled to payment for his Bank Common Stock pursuant to the provisions of the Appraisal Laws shall receive payment therefor from the Bank (but only after the amount thereof shall have been agreed upon or finally determined pursuant to such provisions).

1.5. Dividends; Interest. No shareholder of the Bank will be entitled to receive dividends on his West One Stock until he exchanges his certificates representing Bank Common Stock for West One Stock. Any dividends declared on West One Stock (which stock is to be delivered pursuant to this Agreement) to holders of record on or after the Effective Date shall be paid to the Exchange Agent (as designated in Section 1.6 of this Agreement) and, upon receipt of the certificates representing shares of Bank Common Stock, the Exchange Agent shall forward to the former shareholders of the Bank entitled to receive West One Stock pursuant to the Share Exchange (i) certificates representing their shares of West One Stock, (ii) dividends declared thereon subsequent to the Effective Date (without interest) and (iii) the cash value of any fractional shares determined in accordance with Section 1.3 hereof.

1.6. Designation of Exchange Agent. The Bank, West One-Washington, and West One hereby designate West One Bank, Idaho, National Association ("West One-Idaho") as Exchange Agent to effect the exchange contemplated hereby in accordance with an exchange agency agreement ("Exchange Agency Agreement") substantially in the form of Exhibit I attached hereto. West One or West One-Washington will, after the Effective Date, issue and deliver to West One-Idaho the share certificates representing shares of West One Stock and the cash in lieu of fractional shares to be paid to holders of Bank Common Stock in accordance with this Agreement.

1.7. Notice of Exchange. West One-Idaho shall mail to each holder of one or more certificates formerly representing Bank Common Stock, except to such holders as shall have waived the notice required by this Section 1.7, a notice specifying the Effective Date and notifying such holder to surrender his certificate or certificates to West One-Idaho for exchange. Such

notice shall be mailed to holders by regular mail at their addresses on the records of the Bank.

2. Effective Date.

The Effective Date shall be the date which is the latest of:

2.1. Shareholder Approval. The date following the day upon which the shareholders of the Bank approve, ratify, and confirm the transactions contemplated by this Agreement; or

2.2. Board of Governors Approval. Thirty (30) days following the date of the order of the Board of Governors of the Federal Reserve System or of its delegate, the Federal Reserve Bank of San Francisco (the "Board of Governors") authorizing consummation of the transactions contemplated by this Agreement; or

2.3. Washington Approval. The date upon which the Supervisor of Banking of the State of Washington (the "Supervisor") issues a certificate of reorganization to the Bank, approving the Share Exchange; or

2.4 Other Regulatory Approvals. The date upon which any other material order, approval or consent of a federal or state regulator of financial institutions or financial institution holding companies authorizing consummation of the transactions contemplated by this Agreement is obtained or any waiting period mandated by such order, approval or consent has run; or

2.5. Expiration of Stays. Ten (10) days after any stay of the approvals of either the Supervisor or the Board of Governors of the transactions contemplated by this Agreement or any injunction against closing of said transactions is lifted, discharged, or dismissed; or

2.6. Mutual Agreement. Such other date as shall be mutually agreed to by West One and the Bank.

3. Conditions Precedent to Performance of Obligations of the Parties.

The obligations of the parties hereto to consummate the Share Exchange shall be subject to the conditions that on or before the Effective Date:

3.1. Shareholder Approval. This Agreement and the reorganization contemplated hereby shall have been duly and validly approved, ratified, and confirmed at a meeting of shareholders duly and properly called for such purpose, by the holders of not less

than two-thirds of the outstanding shares of Bank Common Stock, in accordance with the applicable laws of the State of Washington.

3.2. Regulatory Approvals. Orders, consents, and approvals, in form and substance reasonably satisfactory to all the parties hereto, shall have been entered by the requisite governmental authorities, granting the authority necessary for consummation of the transactions contemplated by this Agreement, pursuant to the provisions of applicable law; and all other requirements prescribed by law or by the rules and regulations of any other regulatory authority having jurisdiction over such transactions shall have been satisfied.

3.3. Absence of Litigation. No action, suit, or proceeding shall have been instituted or shall have been threatened before any court or other governmental body or by any public authority to restrain, enjoin, or prohibit the Share Exchange contemplated by this Agreement, or which might restrict the operation of the business of the Bank or the exercise of any rights with respect thereto or to subject any of the parties hereto or any of their directors or officers to any liability, fine, forfeiture, or penalty on the ground that the transactions contemplated hereby, the parties hereto, or their directors or officers have breached or will breach any applicable law or regulation or have otherwise acted improperly in connection with the transactions contemplated hereby (it being understood that customary requirements of the Board of Governors for the orderly divestiture of nonconforming investments or activities pursuant to the Bank Holding Company Act of 1956, as amended (the "BHC Act"), are not deemed to constitute a liability, fine, forfeiture, or penalty under this Section 3.3), and with respect to which the parties hereto have been advised by counsel that, in the opinion of such counsel, such action, suit, or proceeding raises substantial questions of law or fact which could reasonably be decided adversely to any party hereto or its directors or officers.

3.4. Accounting Treatment. It shall have been determined to the satisfaction of West One that the reorganization contemplated by this Agreement will be treated for accounting purposes as a "pooling of interests" in accordance with APB Opinion No. 16, and West One shall have received a letter to the above effect from Coopers & Lybrand, certified public accountants.

3.5. Registration Statement.

(a) Effectiveness. The registration statement to be filed by West One with the Securities and Exchange Commission (the "SEC") pursuant to the Securities Act of 1933 (the "Securities Act") in connection with the registration of the shares of West One Stock to be used as consideration in connection with the Share Exchange (the "Registration Statement") shall have become effective

under that Act, and West One shall have received all required state securities laws or "blue sky" permits and other required authorizations or confirmations of the availability of exemptions from registration requirements necessary to issue West One Stock in the Share Exchange.

(b) Absence of Stop-Order. Neither the Registration Statement nor any such required permit, authorization or confirmation shall be subject to a stop-order or threatened stop-order by the SEC or any state securities authority.

3.6. Federal Income Taxation.

(a) It shall have been determined to the reasonable satisfaction of West One and the Bank, which determination shall be evidenced by a written certification or opinion to be delivered by each of the parties hereto no later than ten days following the date of the order of the Board of Governors authorizing consummation of the transactions contemplated by this Agreement, and which determination shall be based upon application of existing law, that the reorganization contemplated by this Agreement shall qualify as a tax-free reorganization under the Code, and the regulations and rulings promulgated thereunder. Each party agrees to make such determination in good faith.

(b) In the event that either West One or the Bank fails to make a favorable determination with respect to the tax-free nature of the reorganization contemplated by this Agreement as provided in paragraph (a) of this Section 3.6 within the time period provided therefor, then that party, no later than ten days following the date of the order of the Board of Governors authorizing consummation of the transactions contemplated by this Agreement, shall provide the other party with a written statement describing in detail the reason or reasons why it has been unable to make a favorable determination, and each of the other parties shall be afforded five days during which it may take such steps as it may deem necessary to cause the reorganization contemplated by this Agreement to qualify as a tax-free reorganization under the Code, at the conclusion of which period the party who failed to make the favorable determination described in paragraph (a) of this Section 3.6 shall evidence its conclusion on the effectiveness of the steps taken upon the tax-free nature of the reorganization by a written certification or a written statement to be delivered immediately to each of the other parties hereto. Such certification or statement shall be rendered based upon a determination made in good faith.

4. Conditions Precedent to Performance of the Obligations of West One.

The obligations of West One hereunder are subject to the satisfaction, on or prior to the Effective Date, of all the following conditions, compliance with which or the occurrence of which may be waived in whole or in part by West One in writing:

4.1. Approval by the Bank. The directors and shareholders of the Bank (the latter group acting pursuant to a proxy statement in form and substance satisfactory to West One and its counsel) shall have authorized and approved the Share Exchange, and dissenters' rights of appraisal under the Appraisal Laws shall have been effectively preserved as of the Effective Date by owners of not more than eight percent (8%) of the outstanding shares of Bank Common Stock.

4.2. Representations and Warranties; Performance of Obligations.

(a) All representations and warranties of the Bank contained in this Agreement shall be true and correct as of the Effective Date with the same effect as if such representations and warranties had been made or given at and as of such date, and all covenants and conditions to be performed or met by the Bank prior to the Effective Date shall have been so performed or met. On the Effective Date, the President and the chief financial officer of the Bank shall deliver to West One a certificate to that effect.

(b) The Bank shall have performed and complied with all its obligations hereunder which are to be complied with or performed on or before the Effective Date.

4.3. Opinion of Bank Counsel. West One shall have received a favorable opinion from Messrs. Perkins Coie, dated the Effective Date, substantially in form and substance as that set forth as Exhibit II attached hereto.

4.4. Opinion of Bank Litigation Counsel. West One shall have received a favorable opinion from Messrs. Meyer, Fluegge and Tenney, P.S., dated the Effective Date, in form and substance satisfactory to its counsel, to the extent that the litigation set forth in Schedule A hereto, and that to which the Bank shall have become party subsequent to the date hereof and prior to the Effective Date, would not have, in the aggregate, a material adverse effect on the financial condition or results of operations of the Bank.

4.5. Delivery of Branch Authorizations. The Bank shall have delivered to West One originals or certified copies of all of its

regulatory authorizations entitling the Bank to operate each of its branch offices as branch offices of the Bank, together with a certification by its President and its Chief Executive Officer dated the Effective Date, certifying that such branch certificates have not been revoked or threatened to be revoked and that such certificates are in full force and effect.

4.6. No Adverse Developments. During the period from December 31, 1991 to the Effective Date, there shall not have been any material adverse change in the financial position or results of operations of the Bank nor shall the Bank have sustained any material loss or damage to its properties, whether or not insured, which materially affects its ability to conduct its business; none of the events described in clauses (a) through (e) of Section 6.16 of this Agreement shall have occurred, and each of the practices and conditions described in clauses (w) through (z) of that section shall have been maintained; and West One shall have received a certificate dated the Effective Date signed by the President and the Chief Executive Officer of the Bank to the foregoing effect and to the further effect that except for those liabilities listed on Schedule A relating to liabilities under Section 6.15 hereof, any liabilities of the Bank at the Effective Date which were not reflected on the balance sheet of the Bank as of December 31, 1991 are only liabilities incurred in the ordinary course of business subsequent to the date of said balance sheet. The delivery of such officers' certificate shall in no way diminish the warranties and representations of the Bank made in this Agreement.

4.7. Absence of Misstatements and Omissions. West One shall not have discovered any material error, misstatement, or omission in any of the representations or warranties of the Bank or any material failure to perform or satisfy any covenants of the Bank contained herein.

4.8. Consolidated Net Worth. On and as of the Effective Date, the consolidated net worth of the Bank as determined in accordance with generally accepted accounting principles shall not be less than the sum of (a) the aggregate contributions to capital caused by the payments accompanying the exercise of any stock options on or after December 31, 1991, and (b) Ten Million Three Hundred Thousand Dollars and No Cents ($10,300,000.00), as measured following the establishment of appropriate reserves to account for the fairly estimated payment to be made with respect to Dissenting Shares as referred to in Section 1.4.

4.9. Loan Quality. On and as of the Effective Date:

(a) The aggregate book value of loans on the consolidated financial statements of the Bank which are subject to adverse classification under regulatory policies promulgated by the Federal

Financial Institutions Examination Council or its member agencies shall not exceed Four Million Dollars ($4,000,000.00).

(b) The aggregate book value of loans on the consolidated financial statements of the Bank which are subject to being listed as "doubtful" or "loss" under regulatory policies promulgated by the Federal Financial Institutions Examination Council or its member agencies shall not exceed One Million Dollars ($1,000,000.00).

(c) The aggregate book value of loans on the consolidated financial statements of the Bank which are nonperforming loans shall not exceed One Million Dollars ($1,000,000.00). For purposes of this subparagraph (c), "nonperforming loans" shall mean loans which have been placed on nonaccrual status (or which, under accepted standards of prudent banking, should have been placed on nonaccrual status), plus loans that have been restructured and whose terms have been compromised because of a deterioration in the financial position of the borrower.

4.10. Adverse Legislation. No legislation shall have been enacted and no regulation shall have been adopted that has rendered or will render consummation of any of the material transactions contemplated by this Agreement impossible, or that would materially and adversely affect the economic assumptions of the material transactions contemplated hereby or the business, operations, financial condition, properties or assets of the combined enterprise of West One and the Bank or otherwise materially impair the value of the Bank to West One.

5. Conditions Precedent to Performance of Obligations of the Bank.

The obligations of the Bank hereunder are subject to the satisfaction, on or prior to the Effective Date, of all the following conditions, compliance with which or the occurrence of which may be waived in whole or in part by the Bank in writing:

5.1. Representations and Warranties; Performance of Obligations.

(a) The representations and warranties of West One contained in this Agreement shall be true and correct as of the Effective Date with the same effect as if such representations and warranties had been made or given at and as of the Effective Date, and all covenants and conditions to be performed or met by West One prior to the Effective Date shall have been so performed or met. On the Effective Date, either the Chairman of the Board or the President of West One shall deliver to the Bank a certificate to that effect; and

(b) West One shall have performed and complied with all its obligations hereunder which are to be complied with or performed on or before the Effective Date;

5.2. Opinion of West One Counsel. The Bank shall have received a favorable opinion of Messrs. Metzger, Gordon, Scully & Mortimer, dated the Effective Date, substantially in form and substance as that set forth as Exhibit III attached hereto.

6. Representations and Warranties of the Bank.

Except as disclosed in Schedule A which is to be delivered by the Bank to West One not later than ten (10) business days after the date of execution of this Agreement, if at all, and which only if delivered within such period shall thereupon be deemed to have been made and to be a part hereof, the Bank represents and warrants to West One as follows:

6.1. Organization, Powers, and Qualifications. The Bank is a banking corporation which is duly organized, validly existing, and in good standing under the laws of the State of Washington and has all requisite corporate power and authority to own and operate its properties and assets, to lease properties used in its business, and to carry on its business as now conducted. The Bank owns or possesses in the operation of its business all franchises, licenses, permits, branch certificates, consents, approvals, waivers, and other authorizations, governmental or otherwise, which are necessary for it to conduct its business as now conducted, except for those where the failure of such ownership or possession would not adversely affect the operation and properties of the Bank in any material respect. The Bank is duly qualified and licensed to do business and is in good standing in every jurisdiction in which such qualification or license is required or with respect to which the failure to be so qualified or licensed could result in material liability or adversely affect the operation and properties of the Bank in any material respect.

6.2. Execution and Performance of Agreement. The Bank has all requisite corporate power and authority to execute and deliver this Agreement and to perform its respective terms.

6.3. Absence of Violations.

(a) The Bank is not in violation of its respective charter documents or bylaws, or of any applicable federal, state, or local law or ordinance or any order, rule, or regulation of any federal, state, local, or other governmental agency or body (including, without limitation, all banking, securities, municipal securities, safety, health, environmental, zoning, antidiscrimi-

nation, antitrust, and wage and hour laws, ordinances, orders, rules, and regulations), in any material respect, or in default with respect to any order, writ, injunction, or decree of any court, or in default under any order, license, regulation, or demand of any governmental agency, any of which violations or defaults might have a materially adverse effect on the business, properties, liabilities, financial position, results of operations, or prospects of the Bank; and the Bank has not received any claim or notice of violation with respect thereto.

(b) Neither the Bank nor any member of its management is a party to any assistance agreement, supervisory agreement, memorandum of understanding, consent order, cease and desist order or condition of any regulatory order or decree with or by the Federal Deposit Insurance Corporation ("FDIC"), the SEC, any banking or securities authority of the State of Washington, or any other regulatory agency that relates to the conduct of the business of the Bank or the assets of any of them. No such agreement, memorandum, order, condition, or decree is pending or threatened.

(c) Without limitation upon any of the foregoing, the Bank is in compliance with the Bank Secrecy Act (31 U.S.C. sec. 5301), the Truth-in-Lending Act (15 U.S.C. sec. 1601 et seq.), and the Expedited Funds Availability Act (12 U.S.C. sec. 4001 et seq.) and regulations adopted under each of them, with such minor exceptions as do not warrant enforcement or corrective action by the United States or any agency thereof. The Bank has adopted policies and procedures which are reasonably adequate to assure compliance with each of the aforesaid Acts.

6.4. Compliance with Agreements. The Bank is not in violation of any material term of any material security agreement, mortgage, indenture, or any other contract, agreement, instrument, lease, or certificate.

6.5. Binding Obligations; Due Authorization. Subject to the approval of the shareholders of the Bank, this Agreement constitutes valid, legal, and binding obligations of the Bank, enforceable against it in accordance with its terms, except as enforcement may be limited by applicable bankruptcy, insolvency, moratorium or similar law, or by general principles of equity. The execution, delivery, and performance of this Agreement and the transactions contemplated thereby have been duly and validly authorized by the board of directors of the Bank. Subject to approval by the shareholders of the Bank of this Agreement, no other corporate proceedings on the part of the Bank are necessary to authorize this Agreement or the carrying out of the transactions contemplated hereby.

6.6. Absence of Default. None of the execution or the delivery of this Agreement, the consummation of the transactions

contemplated thereby, or the compliance with or fulfillment of the terms thereof will conflict with, or result in a breach of any of the terms, conditions, or provisions of, or constitute a default under the organizational documents or bylaws of the Bank. None of such execution, consummation, or fulfillment will (a) conflict with, or result in a material breach of the terms, conditions, or provisions of, or constitute a material violation, conflict, or default under, or give rise to any right of termination, cancellation, or acceleration with respect to, or result in the creation of any lien, charge, or encumbrance upon, any property or assets of the Bank pursuant to any material agreement or instrument under which the Bank is obligated or by which any of its properties or assets may be bound, including without limitation any material lease, contract, mortgage, promissory note, deed of trust, loan, credit arrangement or other commitment or arrangement of the Bank in respect of which it is an obligor, or (b) violate any law, statute, rule, or regulation of any government or agency to which the Bank is subject and which is material to its operations, or any judgment, order, writ, injunction, decree, or ruling applicable to the Bank or any of its properties or assets. None of the execution or delivery of this Agreement, the consummation of the transactions contemplated thereby, or the compliance with or fulfillment of the terms thereof will require any authorization, consent, approval, or exemption by any person which has not been obtained, or any notice or filing which has not been given or done, other than approval of the transactions contemplated by this Agreement by the Board of Governors and the Supervisor.

6.7. Corporate Structure. No corporation or other entity is registered or is required to be registered as a bank holding company under the BHC Act by virtue of its control over the Bank or over any company that directly or indirectly has control over the Bank.

6.8. Subsidiaries.

(a) The Bank has no subsidiaries and since its incorporation has not had any subsidiaries, does not directly or indirectly own, control, or hold with the power to vote, and since its incorporation has not directly or indirectly owned, controlled, or held with the power to vote, any shares of the capital stock of any company (except shares held by the Bank for the account of others in a fiduciary or custodial capacity in the ordinary course of its business).

(b) The Bank does not have a direct or indirect equity or ownership interest which represents 5 percent or more of the aggregate equity or ownership interest of any entity (including, without limitation, corporations, partnerships, and joint ventures).

6.9. Capital Structure. The authorized capital stock of the Bank consists of 172,197.32 shares of Common Stock, $20.00 par value ("Bank Common Stock"), of which, as of the date of this Agreement, 166,401.55 shares have been duly issued and are validly outstanding, fully paid, and nonassessable and are held by approximately 305 shareholders of record. These are the only voting securities of the Bank authorized, issued, or outstanding as of such date; and except for options to purchase 4,939.899 shares of Common Stock, which options will be exercised on or before the Effective Date or if not exercised will lapse, no subscriptions, warrants, options, rights, convertible securities, or similar arrangements or commitments in respect of securities of the Bank are authorized, issued, or outstanding which would enable the holder thereof to purchase or otherwise acquire shares of any class of capital stock of the Bank. At all times from the date of this Agreement until the Effective Date, the sum of the shares of Bank Common Stock issued and outstanding and the options to purchase shares of Bank Common Stock are and will be equal to 171,341.449, and no other voting securities or subscriptions, warrants, options, rights, convertible securities, or similar arrangements or commitments in respect of securities of the Bank will be issued or outstanding. The Bank is not a party to, and is not obligated by, any commitment, plan, or arrangement to issue or to sell any shares of capital stock or any other equity interest in the Bank. None of the shares of Bank Common Stock has been issued in violation of the preemptive rights of any shareholder. None of the Bank Common Stock is subject to any restrictions upon the transfer thereof under the terms of the corporate charter or bylaws of the Bank. As of the date hereof, to the best of the knowledge of the Bank, and except for this Agreement and Plan of Reorganization, there are no shareholder agreements, or other agreements, understandings, or commitments relating to the right of any holder or beneficial owner of more than 1 percent of the issued and outstanding shares of Bank Common Stock to vote or to dispose of his or its shares of Bank Common Stock.

6.10. Articles of Incorporation, Bylaws, and Minute Books. The copies of the articles of incorporation and all amendments thereto and of the bylaws, as amended, of the Bank will be made available to West One no later than two business days after the date hereof and, when so made available, will be true, correct, and complete copies thereof. The minute books of the Bank which have been made or will, no later than two business days after the date hereof, be made available to West One for its continuing inspection until the Effective Date contain accurate minutes of all meetings and accurate consents in lieu of meetings of the board of directors (and any committee thereof) and of the shareholders of the Bank since its inception. These minute books accurately reflect all transactions referred to in such minutes and consents in lieu of meetings and disclose all material corporate actions of the shareholders and boards of directors of the Bank and all

committees thereof. Except as reflected in such minute books, there are no minutes of meetings or consents in lieu of meetings of the board of directors (or any committee thereof) or of shareholders of the Bank.

6.11. Books and Records. The books and records of the Bank fairly reflect the transactions to which it is a party or by which its properties are subject or bound. Such books and records have been properly kept and maintained and are in compliance in all material respects with all applicable legal and accounting requirements. The Bank follows generally accepted accounting principles applied on a consistent basis in the preparation and maintenance of its and their books of account and financial statements, including but not limited to the application of the accrual method of accounting for interest income on loans, leases, discounts, and investments, interest expense on deposits and all other liabilities, and all other items of income and expense. The Bank has made all accruals in amounts which accurately report income and expense in the proper periods in accordance with generally accepted accounting principles. The Bank has filed all material reports and returns required by any law or regulation to be filed by it.

6.12. Regulatory Approvals and Filings, Contracts, Commitments, etc. The Bank has made or will, no later than two business days after the date hereof, make available to West One or grant to West One continuing access until the Effective Date to originals or copies of the following documents relating to the Bank:

(a) All regulatory approvals received since January 1, 1987, of the Bank relating to all bank and nonbank acquisitions or the establishment of de novo operations;

(b) All employment contracts, election contracts, retention contracts, deferred compensation, non-competition, bonus, stock option, profit-sharing, pension, retirement, consultation after retirement, incentive, insurance arrangements or plans (including medical, disability, group life or other insurance plans), and any other remuneration or fringe benefit arrangements applicable to employees, officers, or directors of the Bank, accompanied by any agreements, including trust agreements, embodying such contracts, plans, or arrangements, and all employee manuals and memoranda relating to employment and benefit policies and practices of any nature whatsoever (whether or not distributed to employees or any of them), and any actuarial reports and audits relating to such plans;

(c) All material contracts, agreements, leases, mortgages, and commitments, except those entered into in the ordinary course of business, to which the Bank is a party or may

be bound; or, if any of the same be oral, true, accurate, and complete written summaries of all such oral contracts, agreements, leases, mortgages, and commitments;

(d) All material contracts, agreements, leases, mortgages, and commitments, whether or not entered into in the ordinary course of business, to which the Bank is a party or may be bound and which require the consent or approval of third parties to the execution and delivery of this Agreement or to the consummation or performance of any of the transactions contemplated thereby, or, if any of the same be oral, true, accurate, and complete written summaries of all such oral contracts, agreements, leases, mortgages, and commitments;

(e) All deeds, leases, contracts, agreements, mortgages, and commitments, whether or not entered into in the ordinary course of business, to which the Bank is a party or may be bound and which relate to land, buildings, fixtures, or other real property upon or within which the Bank operates its businesses or is authorized to operate its businesses, or with respect to which the Bank has any application pending for authorization to operate its businesses;

(f) Any pending application, including any documents or materials related thereto, which has been filed by the Bank with any federal or state regulatory agency with respect to the establishment of a new office or the acquisition or establishment of any additional banking or nonbanking subsidiary; and

(g) All federal and state tax returns filed by the Bank for the years 1988 through 1991, a copy of the most recent audit examination of the Bank by the Internal Revenue Service ("IRS"), if any, a copy of the most recent state revenue agency examination, if any, of the Bank, and all tax rulings with respect to the Bank received from the IRS since January 1, 1988.

6.13. Financial Statements. The Bank has furnished or will, no later than two business days after the date hereof, furnish to West One its consolidated statement of condition as of each of December 31, 1987, December 31, 1988, December 31, 1989, December 31, 1990, and December 31, 1991, and its related consolidated statement of income, consolidated statement of changes in financial position, and consolidated statement of changes in stockholders' equity for each of the periods then ended, and the notes thereto (collectively, the "Bank Financial Statements"). All of the Bank Financial Statements, including the related notes, (a) were prepared in accordance with generally accepted accounting principles applied in all material respects and as to each category of assets and liabilities and each category of income and expense on a consistent basis throughout the periods involved, and (b) are in accordance with the books and records of the Bank which have

been maintained in accordance with generally accepted accounting principles or the requirements of financial institution regulatory authorities, as the case may be, and (c) fairly reflect the consolidated financial position of the Bank as of such dates, and the consolidated results of operations of the Bank for the periods ended on such dates, and do not fail to disclose any material extraordinary or out-of-period items, and (d) reflect, in accordance with generally accepted accounting principles applied in all material respects and as to each category of assets and liabilities and each category of income and expense on a consistent basis throughout the periods involved, adequate provision for, or reserves against, the possible loan losses of the Bank as of such dates.

6.14. Call Reports.

(a) The Bank has furnished or will, no later than two business days after the date hereof, furnish to West One its Consolidated Reports of Condition and Consolidated Reports of Income for the calendar quarters dated March 31, 1989 and thereafter. All of such Consolidated Reports of Condition and Consolidated Reports of Income, including the related schedules and memorandum items, were prepared in accordance with generally accepted accounting principles applied in all material respects and as to each category of assets and liabilities and each category of income and expense on a consistent basis throughout the periods involved.

(b) No adjustments are required to be made to the equity capital account of the Bank as reported on any of the Consolidated Reports of Condition referred to in subsection 6.14(a) hereof, in any amount whether material or otherwise, in order to conform such equity capital account to equity capital as would be determined in accordance with generally accepted accounting principles.

6.15. Absence of Undisclosed Liabilities. At December 31, 1991 the Bank had no obligation or liability of any nature (whether absolute, accrued, contingent, or otherwise, and whether due or to become due) which was material, or that when combined with all similar obligations or liabilities would have been material, to the Bank, (a) except as disclosed in the Bank Financial Statements and (b) except for unfunded loan commitments made by the Bank in the ordinary course of its business consistent with past practice; nor does there exist a set of circumstances resulting from transactions effected or events occurring on or prior to December 31, 1991 or from any action omitted to be taken during such period that could reasonably be expected to result in any such material obligation or liability, except as disclosed or provided for in the Bank Financial Statements. The amounts set up as current liabilities for taxes in the Bank Financial Statements are sufficient for the payment of all taxes (including, without limitation, federal,

state, local, and foreign excise, franchise, property, payroll, income, capital stock, and sales and use taxes) accrued in accordance with generally accepted accounting principles and unpaid at December 31, 1991. Since December 31, 1991, the Bank has not incurred or paid any obligation or liability that would be material (on a consolidated basis) to the Bank, except for obligations incurred or paid in connection with transactions by it in the ordinary course of its business consistent with past practices and except as expressly contemplated herein.

6.16. Absence of Certain Developments. Since December 31, 1991, there has been (a) no material adverse change in the condition, financial or otherwise, assets, properties, liabilities, or businesses of the Bank; (b) no declaration, setting aside, or payment of (i) any regular dividend other than customary cash dividends described in section 7.4(a) of this Agreement or (ii) any special dividend or other distribution with respect to any class of capital stock of the Bank; (c) no repurchase by the Bank of any of its capital stock; (d) no material loss, destruction, or damage to any material property of the Bank, which loss, destruction, or damage is not covered by insurance; and (e) no material acquisition or disposition of any asset, nor any material contract outside the ordinary course of business entered into by the Bank nor any substantial amendment or termination of any material contract outside the ordinary course of business to which the Bank is a party, nor any other transaction by the Bank involving an amount in excess of $50,000 other than for fair value in the ordinary course of its business. Since December 31, 1991, (w) the Bank has conducted its business only in the ordinary course of such business and consistent with past practice; (x) the Bank, on a consolidated basis, has maintained the ratio of its loans to its deposits at approximately the same level as existed at December 31, 1991; (y) the Bank, on a consolidated basis, has administered its investment portfolio pursuant to essentially the same policies and procedures as existed during 1990 and 1991; and (z) the Bank, on a consolidated basis, has not taken any action to reduce the percentage which the aggregate investment portfolio of the Bank bears to the total assets of the Bank or to lengthen the average maturity of the investment portfolio, or of any significant category thereof, to any material extent.

6.17. Reserve for Possible Credit Losses. The bank's consolidated reserve for possible credit losses as of December 31, 1991 was adequate to absorb reasonably anticipated losses in the loan and lease portfolios of the Bank, in view of the size and character of such portfolios, current economic conditions, and other pertinent factors; and no facts have subsequently come to the attention of management of the Bank which would cause it to restate in any material way the level of such reserve for possible credit losses.

6.18. Tax Matters.

(a) All federal, state, local, and foreign tax returns and reports (including, without limitation, all income tax, unemployment compensation, social security, payroll, sales and use, excise, privilege, property, ad valorem, franchise, license, school, and any other tax under laws of the United States or any state or municipal or political subdivision thereof) required to be filed by or on behalf of the Bank have been timely filed with the appropriate governmental agencies in all jurisdictions in which such returns and reports are required to be filed, or requests for extensions have been timely filed, granted, and have not expired for periods ending on or before December 31, 1991, and all returns filed are complete and accurate to the best information and belief of the management of the Bank and properly reflect the taxes of the Bank for the periods covered thereby. All taxes shown on filed returns have been paid. As of the date hereof, there is no audit examination, deficiency, or refund litigation or tax claim or any notice of assessment or proposed assessment by the IRS or any other taxing authority, or any other matter in controversy with respect to any taxes that might result in a determination adverse to the Bank, except as reserved against in the Bank Financial Statements. All federal, state, and local taxes, assessments, interest, additions, deficiencies, fees, penalties, and other governmental charges or impositions due with respect to completed and settled examinations or concluded litigation have been properly accrued or paid.

(b) The Bank has not executed an extension or waiver of any statute of limitations on the assessment or collection of any tax due that is currently in effect.

(c) To the extent any federal, state, local, or foreign taxes are due from the Bank for the period or periods beginning January 1, 1992 or thereafter through and including the Effective Date, adequate provision on an estimated basis has been or will be made for the payment of such taxes by establishment of appropriate tax liability accounts on the last monthly financial statements of the Bank prepared before the Effective Date.

(d) Deferred taxes of the Bank have been provided for in accordance with generally accepted accounting principles.

(e) The Bank's deduction for bad debts taken and the reserve for loan losses for federal income tax purposes at December 31, 1991, were not greater than the maximum amount permitted under the provisions of Section 585 of the Code.

(f) Other than liens arising under the laws of the State of Washington with respect to taxes assessed and not yet due and

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payable, there are no tax liens on any of the properties or assets of the Bank.

(g) The taxable year end of the Bank for federal income tax purposes is, and since the inception of the Bank has continuously been, December 31.

6.19. Consolidated Net Worth. The consolidated net worth of the Bank on the date first above written, as determined in accordance with generally accepted accounting principles, is not less than Ten Million Three Hundred Thousand Dollars and No Cents ($10,300,000.00).

6.20. Bank Examinations. To the extent consistent with law, the Bank has heretofore disclosed or will, no later than two business days after the date hereof, disclose to West One relevant information contained in the most recent Report of Examination issued by the FDIC and the most recent Report of Examination issued by the Supervisor. Such information so disclosed consists or will consist of all material information with respect to the financial condition of the Bank included in such reports, and does not omit or will not omit any information necessary to make the information disclosed not misleading.

6.21. Reports. Since January 1, 1989, the Bank has effected all registrations and filed all reports and statements, together with any amendments required to be made with respect thereto, which the Bank was required to effect or file with (a) the FDIC, (b) the Supervisor, (c) the Board of Governors, (d) the United States Department of the Treasury, and (e) any other governmental or regulatory authority or agency having jurisdiction over the operations of the Bank. Each of such registrations, reports, and documents, including the financial statements, exhibits, and schedules thereto, does not contain any statement which, at the time and in the light of the circumstances under which it was made, is false or misleading with respect to any material fact or which omits to state any material fact necessary in order to make the statements contained therein not false or misleading.

6.22. FIRA Compliance and Other Transactions with Affiliates. None of the officers, directors, or beneficial holders of 5 percent or more of the common stock of the Bank, and no person "controlled" (as that term is defined in the Financial Institutions Regulatory and Interest Rate Control Act of 1978) by the Bank, has any ongoing material transaction with the Bank on the date of this Agreement. None of such officers, directors, holders, or other persons has any ownership interest in any business, corporate or otherwise, which is a party to, or in any property which is the subject of, business arrangements or relationships of any kind with the Bank not in the ordinary course of business. Any other extensions of credit by

the Bank to such officers, directors, and other persons have heretofore been disclosed in writing by the Bank to West One.

6.23. Period of Operation. The Bank has conducted business for a continuous period of not less than three years prior to the date hereof.

6.24. Legal Proceedings. Except as disclosed in the Bank Financial Statements, there is no claim, action, suit, arbitration, investigation, or other proceeding pending before any court, governmental agency, authority or commission, arbitrator, or "impartial mediator" (of which the Bank has been served with process or otherwise been given notice) or, to the knowledge of the Bank, threatened or contemplated against or affecting it or its property, assets, interests, or rights, or any basis therefor of which notice has been given, which, if adversely determined, would have a material adverse effect (financial or otherwise) on the business, operating results, or financial condition of the Bank or which otherwise could prevent, hinder, or delay consummation of the transactions contemplated by this Agreement.

6.25. Absence of Governmental Proceedings. The Bank is not a party defendant or respondent to any pending legal, equitable, or other proceeding commenced by any governmental agency and, to the best of its knowledge, no such proceeding is threatened.

6.26. Federal Deposit Insurance. The deposits held by the Bank are insured within statutory limits by the Bank Insurance Fund of the FDIC pursuant to the provisions of the Federal Deposit Insurance Act, as amended (12 U.S.C. sec. 1811 et seq.), and the Bank has paid all assessments and filed all related reports and statements required under the Federal Deposit Insurance Act. None of the deposits of the Bank are insured by the Savings Association Insurance Fund of the FDIC.

6.27. Other Insurance. The Bank carries insurance with reputable insurers, including blanket bond coverage, in such amounts as are reasonable to cover such risks as are customary in relation to the character and location of its properties and the nature of its businesses. All such policies of insurance are in full force and effect, and no notice of cancellation has been received. All premiums to date have been paid in full. The Bank is not in default with respect to any such policy which is material to the Bank.

6.28. Labor Matters. The Bank is not a party to or bound by any collective bargaining contracts with respect to any employees of the Bank. Since January 1, 1983, there has not been, nor to the knowledge of the Bank was there or is there threatened, any strike, slowdown, picketing, or work stoppage by any union or other group of employees against the Bank or any of its premises, or any other

labor trouble or other occurrence, event, or condition of a similar character. As of the date hereof, the Bank is not aware of any attempts to organize a collective bargaining unit to represent any of its employee groups.

6.29. Employee Benefit Plans.

(a) The Bank has previously made available or will, no later than two business days after the date hereof, make available to West One for its continuing review until the Effective Date true, complete, and accurate copies of all pension, retirement, stock purchase, stock bonus, stock ownership, stock option, performance share, stock appreciation right, phantom stock, savings, or profit-sharing plans, any employment, deferred compensation, consultant, bonus, or collective bargaining agreement, or group insurance contract or any other incentive, welfare, life insurance, death or survivor's benefit, health insurance, sickness, disability, medical, surgical, hospital, severance, layoff or vacation plans, contracts, and arrangements or employee benefit plans or agreements sponsored, maintained, or contributed to by the Bank for the employees or former employees of the Bank, together with (i) the most recent actuarial and financial report prepared with respect to any plans of the Bank which constitute "qualified plans" under section 401(a) of the Code, and (ii) the most recent annual reports, if any, filed with any government agency and all IRS rulings and determination letters and any open requests for such rulings and letters that pertain to any such plan.

(b) Except for liabilities to the Pension Benefit Guaranty Corporation ("PBGC") pursuant to section 4007 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), all of which have been fully paid, and except for liabilities to the IRS under section 4971 of the Code, all of which have been fully paid, the Bank has no liability to the PBGC or to the IRS with respect to any pension plan qualified under section 401 of the Code.

(c) All "employee benefit plans," as defined in section 3(3) of ERISA, that cover one or more employees employed by the Bank (each individually a "Plan" and collectively the "Plans"), comply in all material respects with ERISA and, where applicable for tax-qualified or tax-favored treatment, with the Code. As of December 31, 1991, the Bank had no material liability under any Plan which is not reflected on the Bank Financial Statements as of such date (other than such normally unrecorded liabilities under the Plans for sick leave, holiday, education, bonus, vacation, incentive compensation, and anniversary awards, provided that such liabilities are not in any event material). Neither the Plans, the Bank nor any trustee or administrator of the Plans has ever engaged in a "prohibited transaction" with respect to the Plans within the

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meaning of section 406 of ERISA or, where applicable, section 4975 of the Code for which no exemption is applicable, nor have there been any "reportable events" within section 4043 of ERISA for which the thirty-day notice therefor has not been waived. The Bank has not incurred any liability under section 4201 of ERISA for a complete or partial withdrawal from a multi-employer plan.

(d) No action, claim, or demand of any kind has been brought or threatened by any potential claimant or representative of such a claimant under any plan, contract, or arrangement referred to in subsection (a) of this section, where the Bank may be either (i) liable directly on such action, claim, or demand; or (ii) obligated to indemnify any person, group of persons, or entity with respect to such action, claim, or demand which is not fully covered by insurance maintained with reputable, responsible financial insurers or by a self-insured plan.

6.30. Employee Relations. As of the date hereof, the Bank is, to the best of its knowledge, in compliance in all material respects with all federal and state laws, regulations, and orders respecting employment and employment practices (including Title VII of the Civil Rights Act of 1964), terms and conditions of employment, and wages and hours; and the Bank is not engaged in any unfair labor practice. As of the date hereof, no dispute exists between the Bank, and any of its employee groups regarding any employee organization, wages, hours, or conditions of employment which would materially interfere with the business or operations of the Bank.

6.31. Fiduciary Activities. Except with respect to fiduciary and custodial activities for individual retirement accounts within the meaning of section 408 of the Code ("IRAs"), the Bank does not act, and since its inception has not acted, in a fiduciary or custodial capacity or otherwise conducted trust activities. The Bank is exempt from registration under the federal Investment Advisers Act of 1940, as amended. Since its inception the Bank has conducted, and currently is conducting, all fiduciary and custodial activities for IRAs in all material respects in accordance with all applicable law. To the best knowledge of the Bank, it is not subject to any contingent liability which, if resolved adversely, would be material to the business of the Bank.

6.32. Environmental Liability.

(a) The Bank is not in violation (either directly, including without limitation as a successor-in-interest in connection with the enforcement of remedies to realize the value of properties serving as collateral for outstanding loans, or indirectly, including without limitation as a collateral interest holder) of any judgment, decree, order, law, license, rule or regulation pertaining to environmental matters, including those

arising under the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, the Federal Water Pollution Control Act, the Federal Clean Air Act, the Toxic Substances Control Act or any state or local statute, regulation, ordinance, order or decree relating to health, safety or the environment ("Environmental Laws").

(b) Neither the Bank nor, to the actual knowledge of the Bank, any borrower of the Bank has received notice that it has been identified by the United States Environmental Protection Agency as a potentially responsible party under CERCLA with respect to a site listed on the National Priorities List, 40 C.F.R. Part 300 Appendix B nor has the Bank or, to the best knowledge of the Bank, any borrower of the Bank received any notification that any hazardous waste, as defined by 42 U.S.C. sec. 6903(5), any hazardous substances, as defined by 42 U.S.C. sec. 9601(14), any "pollutant or contaminant," as defined by 42 U.S.C. sec. 9601(33), or any toxic substance, hazardous materials, oil, or other chemicals or substances regulated by any Environmental Laws ("Hazardous Substances") that it has disposed of has been found at any site at which a federal or state agency is conducting a remedial investigation or other action pursuant to any Environmental Law.

(c) No portion of any real property at any time owned or leased by the Bank (collectively, the "Bank Real Estate") has been used by the Bank for the handling, processing, storage or disposal of Hazardous Substances in a manner which violates any Environmental Laws and, to the best knowledge of the Bank, no underground tank or other underground storage receptacle for Hazardous Substances is located on any of the Bank Real Estate. In the course of its activities, the Bank has not generated and is not generating any hazardous waste on any of the Bank Real Estate in a manner which violates any Environmental Laws. There has been no past or present releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing or dumping (collectively, a "Release") of Hazardous Substances by the Bank on, upon, or into any of the Bank Real Estate. In addition, to the best knowledge of the Bank, there have been no such releases on, upon, or into any real property in the vicinity of any of the Bank Real Estate that, through soil or groundwater contamination, may be located on any of such Bank Real Estate.

(d) With respect to any real property at any time held as collateral for any outstanding loan by the Bank (collectively, the "Collateral Real Estate"), the Bank has not at any time received written notice from any borrower thereof or third party that such borrower has generated or is generating any hazardous waste on any of the Collateral Real Estate in a manner which

violates any Environmental Laws or that there has been any Release of Hazardous Substances by such borrower on, upon, or into any of the Collateral Real Estate, or that there has been any release on, upon, or into any real property in the vicinity of any of the Collateral Real Estate that, through soil or groundwater contamination, may be located on any of such Collateral Real Estate.

(e) As used in this section 6.32, the term "Bank" includes Yakima Valley Bank and any partnership or joint venture in which Yakima Valley Bank has an interest.

6.33. Intangible Property. To the best of its knowledge, the Bank owns or possesses the right, free of the claims of any third party, to use all material trademarks, service marks, trade names, copyrights, patents, and licenses currently used by it in the conduct of its business. To the best of the knowledge of the Bank, no material product or service offered and no material trademark, service mark, or similar right used by the Bank infringes any rights of any other person, and, as of the date hereof, the Bank has not received any written or oral notice of any claim of such infringement.

6.34. Real and Personal Property. Except for property and assets disposed of in the ordinary course of business, the Bank possesses good and marketable title to and owns, free and clear of any mortgage, pledge, lien, charge, or other encumbrance or other third party interest of any nature whatsoever which would materially interfere with the business or operations of the Bank, its real and personal property and other assets, including without limitation those properties and assets reflected in the Bank Financial Statements as of December 31, 1991, or acquired by the Bank subsequent to the date thereof. The leases pursuant to which the Bank leases real or personal property are valid and effective in accordance with their respective terms; and there is not, under any such lease, any material existing default or any event which, with the giving of notice or lapse of time or otherwise, would constitute a default. The real and personal property leased by the Bank is free from any adverse claim which would materially interfere with the business or operation of the Bank taken as a whole. The material properties and equipment owned or leased by the Bank are in normal operating condition, free from any known defects, except such minor defects as do not materially interfere with the continued use thereof in the conduct of the normal operations of the Bank.

6.35. Loans, Leases, and Discounts. To the best of the knowledge and belief of the management of the Bank, each loan, lease, and discount reflected as an asset of the Bank in the Bank Financial Statements as of December 31, 1991, or acquired since that date, is the legal, valid, and binding obligation of the

obligor named therein, enforceable in accordance with its terms; and no loan, lease, or discount having an unpaid balance (principal and accrued interest) in excess of $50,000 is subject to any asserted defense, offset, or counterclaim known to the Bank.

6.36. Material Contracts. Neither the Bank nor any of the assets, businesses, or operations of the Bank is as of the date hereof a party to, or is bound or affected by, or receives benefits under any material agreement, arrangement, or commitment not cancellable by it without penalty, other than agreements, arrangements, or commitments entered into in the ordinary course of its business consistent with past practice, or, if there has been no past practice, consistent with prudent banking practices.

6.37. Employment and Severance Arrangements. Except as and to the extent disclosed previously by the Bank to West One in writing,

(a) it is not the policy and has never been the practice of the Bank to grant any of its officers, directors, consultants, or other management officials employment contracts providing for increased or accelerated compensation in the event of a change of control with respect to the Bank or any other event affecting the ownership, control, or management of the Bank; and

(b) there are no employment or severance contracts, agreements, or arrangements between the Bank and any officer, director, consultant, or other management official.

6.38. Material Contract Defaults. All contracts, agreements, leases, mortgages, or commitments referred to in Section 6.12(c) hereof are valid and in full force and effect on the date hereof. The Bank is not in default in any material respect under any material contract, agreement, commitment, arrangement, lease, insurance policy, or other instrument to which it is a party or by which its assets, business, or operations may be bound or affected or under which it or its assets, business, or operations receive benefits; and there has not occurred any event that with the lapse of time or the giving of notice or both would constitute such a default.

6.39. Capital Expenditures. The Bank has no outstanding commitments in the nature of capital expenditures which in the aggregate exceed $50,000.

6.40. Repurchase Agreements. With respect to all agreements pursuant to which the Bank has purchased securities subject to an agreement to resell, the Bank has a valid, perfected first lien or security interest in the securities securing the agreement, and the value of the collateral securing each such agreement equals or

exceeds the amount of the debt secured by such collateral under such agreement.

6.41. Dividends. The Bank has not paid any dividend to its shareholders which either: (a) caused the regulatory capital of the Bank to be less than the amount then required by applicable law; or (b) exceeded any other limitation on the payment of dividends imposed by law, agreement, or regulatory policy.

6.42. Brokers and Advisers. Except for the fee due to Montgomery Securities, there are no claims for brokerage commissions, finder's fees, or similar compensation arising out of or due to any act of the Bank in connection with the transactions contemplated by this Agreement or based upon any agreement or arrangement made by or on behalf of the Bank. Except as disclosed herein, the Bank has not entered into any agreement or understanding with any party relating to financial advisory services provided or to be provided with respect to the transactions contemplated by this Agreement.

6.43. Disclosure. No representation or warranty hereunder and no certificate, statement, or other document delivered by the Bank hereunder or in connection with this Agreement or any of the transactions contemplated thereunder contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein, in light of the circumstances under which they were made, not misleading. There is no fact known to the Bank which might materially adversely affect the business, assets, liabilities, financial condition, results of operations, or prospects of the Bank which has not been disclosed in the Bank Financial Statements or a certificate or statement delivered to West One by the Bank. Copies of all documents referred to in this Agreement, unless prepared solely by West One or West One-Washington or solely by West One or West One-Washington and third parties hereto, are true, correct, and complete copies thereof and include all amendments, supplements, and modifications thereto and all waivers thereunder.

6.44. Regulatory and Other Approvals. As of the date hereof, the Bank is not aware of any reason why all material consents and approvals shall not be procured from all regulatory agencies having jurisdiction over the transactions contemplated by this Agreement, as shall be necessary for (a) consummation of the transactions contemplated by this Agreement, and (b) the continuation by the Bank after the Effective Date of the business of the Bank as such business is carried on immediately prior to the Effective Date, free of any conditions or requirements which, in the reasonable opinion of the Bank, could have a material adverse effect upon the business, operations, activities, earnings, or prospects of the Bank. As of the date hereof, the Bank is not aware of any reason why all material consents and approvals shall not be procured from

all other persons and entities whose consent or approval shall be necessary for (y) consummation of the transactions contemplated by this Agreement, or (z) the continuation by the Bank after the Effective Date of the business of the Bank as such business is carried on immediately prior to the Effective Date.

7. Covenants of the Bank.

The Bank hereby covenants and agrees as follows:

7.1. Rights of Access. In addition and not in limitation of any other rights of access provided to West One herein, until the Effective Date the Bank will give to West One and to its representatives, including its certified public accountants, Coopers & Lybrand, and its tax adviser, Little-Morris, full access during normal business hours to all its property, documents, contracts, books, and records, and such information with respect to its business affairs and properties as West One from time to time may reasonably request.

7.2. Corporate Records, Contracts, etc.

(a) The Bank will make available to West One copies of the articles of incorporation and bylaws, and will make available minute books of the Bank, all of which shall be certified to be complete and true copies.

(b) The Bank will make available copies of all contracts or agreements involving amounts in excess of $25,000 to which the Bank is a party (other than loan agreements where the Bank is the lender and letters of credit) including but not limited to data processing contracts, service contracts, contracts to purchase or lease real property or equipment, guaranties, employment contracts, and insurance contracts pertaining to fire, accident, indemnity, fidelity, health, life, hospitalization, or other employee benefits.

(c) The Bank will furnish to West One the following information with respect to properties owned by the Bank: (i) a brief description and location of each parcel of real property owned by the Bank and (ii) a brief description of real and personal property covered by lease or other rental arrangements to which the Bank is a party, including a copy of the relevant leases.

7.3. Monthly and Quarterly Financial Statements.

(a) The Bank shall promptly provide West One with copies of all of its monthly and quarterly financial statements, and copies of all of its quarterly Consolidated Reports of Condition and Consolidated Reports of Income for the months and quarterly

periods, as the case may be, ending between the date of this Agreement and the Effective Date. Such financial statements and reports shall be verified by the chief financial officer of the Bank. All of such financial statements and reports, including the related notes, schedules, and memorandum items, will have been prepared in accordance with generally accepted accounting principles applied in all material respects and as to each category of assets and liabilities and each category of income and expense on a consistent basis throughout the periods involved.

(b) No adjustments will be required to be made to the equity capital account of the Bank as reported on any of the Consolidated Reports of Condition referred to in subsection 7.3(a) hereof, in any amount whether material or otherwise, in order to conform such equity capital account to equity capital as would be determined in accordance with generally accepted accounting principles.

(c) During the period between the date of this Agreement and the Effective Date, the Bank shall promptly provide to West One, within three days of filing, copies of each report filed by the Bank with the FDIC under the Securities Exchange Act of 1934 (the "Exchange Act").

7.4. Extraordinary Transactions. Without the prior written consent of West One, the Bank shall not, on or after the date first above written: (a) declare or pay any cash dividends or property dividends, with the exception of customary cash dividends to holders of the common stock of the Bank, in a manner all times consistent with the past practice of the Bank, and not to exceed $0.07 per share per calendar quarter; (b) declare or distribute any stock dividend, authorize a stock split, or authorize, issue or make any distribution of its capital stock or any other securities, or grant any options to acquire such additional securities; (c) merge into, consolidate with, or sell its assets to any other corporation or person, or enter into any other transaction or agree to effect any other transaction not in the ordinary course of its business except as explicitly contemplated herein, or engage in any discussions concerning such a possible transaction except as explicitly contemplated herein; (d) convert the charter or form of entity of the Bank from that of a banking corporation chartered by the State of Washington to any other charter or form of entity; (e) make any direct or indirect redemption, purchase, or other acquisition of any of its capital stock; (f) incur any liability or obligation, make any commitment or disbursement, acquire or dispose of any property or asset, make any contract or agreement, or engage in any transaction, except in the ordinary course of its business; (g) other than in the ordinary course of business, subject any of its properties or assets to any lien, claim, charge, option, or encumbrance; (h) except for increases in the ordinary course of business in accordance with

past practices, not to exceed ten percent per annum of the aggregate payroll as of January 1, 1992, increase the rate of compensation of any employee or enter into any agreement to increase the rate of compensation of any employee; (i) create or modify any pension or profit sharing plan, bonus, deferred compensation, death benefit, or retirement plan, or the level of benefits under any such plan, nor increase or decrease any severance or termination pay benefit or any other fringe benefit; nor (j) enter into any employment or personal services contract with any person or firm, including without limitation any contract, agreement, or arrangement described in Section 6.37(a) hereof, except directly to facilitate the transactions contemplated by this Agreement.

7.5. Preservation of Business. The Bank (a) will carry on its business and manage its assets and properties diligently and substantially in the same manner as heretofore; (b) will maintain the ratio of its loans to its deposits at approximately the same level as existed at December 31, 1991; (c) will manage its investment portfolio in substantially the same manner and pursuant to substantially the same investment policies as in 1990 and 1991, and will take no action to reduce the percentage which the aggregate investment portfolio of that company bears to the total assets of that company or to lengthen the average maturity of the investment portfolio, or of any significant category thereof, to any material extent; (d) will continue in effect its present insurance coverage on all properties, assets, business, and personnel; (e) will use its best efforts to preserve its business organization intact, to keep available its present employees, and to preserve its present relationship with customers and others having business dealings with it; (f) will not do anything nor will it fail to do anything which will cause a breach of or default in any contract, agreement, commitment, or obligation to which it is a party or by which it may be bound; and (g) will not amend its articles of incorporation or bylaws.

8. Representations and Warranties of West One.

West One represents and warrants to the Bank as follows:

8.1. Organization, Powers, and Qualification. West One is a corporation which is duly organized, validly existing, and in good standing under the laws of the State of Idaho, and has all requisite corporate power and authority to own and operate its properties and assets, to lease properties used in its business, and to carry on its business as now conducted. West One owns or possesses in the operation of its business all franchises, licenses, permits, branch certificates, consents, approvals, waivers, and other authorizations, governmental or otherwise, which are necessary for it to conduct its business as now conducted.

West One is duly qualified and licensed to do business and is in good standing in every jurisdiction in which such qualification or license is required or with respect to which the failure to be so qualified or licensed could result in liability or adversely affect the operation and properties of West One in any material respect.

8.2. Execution and Performance of Agreement. West One has all requisite corporate power and authority to execute and deliver this Agreement and to perform its respective terms.

8.3. Absence of Violations. West One is not in violation of its charter documents or bylaws, or of any applicable federal, state, or local law or ordinance or any order, rule, or regulation of any federal, state, local, or other governmental agency or body (including, without limitation, all banking, securities, municipal securities, safety, health, environmental, zoning, antidiscrimination, antitrust, and wage and hour laws, ordinances, orders, rules, and regulations), in any material respect, or in default with respect to any order, writ, injunction, or decree of any court, or in default under any order, license, regulation, or demand of any governmental agency, any of which violations or defaults might have a materially adverse effect on the business, properties, liabilities, financial position, results of operations, or prospects of West One; and West One has not received any claim or notice of violation with respect thereto. Neither West One nor its management is subject to any agreement with any banking or securities agency or authority with respect to the assets or business of West One. No enforcement actions are pending or threatened against West One by any of the Board of Governors, the SEC, or any securities authority of the State of Idaho.

8.4. Compliance with Agreements. West One is not in violation of any material term of any security agreement, mortgage, indenture, or any other contract, agreement, instrument, lease, or certificate.

8.5. Binding Obligations; Due Authorization. This Agreement constitutes valid, legal, and binding obligations of West One enforceable against it in accordance with the terms of such documents. The execution, delivery, and performance of this Agreement and the transactions contemplated thereby have been duly and validly authorized by the board of directors of West One. No other corporate proceedings on the part of West One are necessary to authorize this Agreement or the carrying out of the transactions contemplated hereby.

8.6. Absence of Default. None of the execution or the delivery of this Agreement, the consummation of the transactions contemplated thereby, or the compliance with or fulfillment of the terms thereof will conflict with, or result in a breach of any of the terms, conditions, or provisions of, or constitute a default

under the organizational documents or bylaws of West One. None of such execution, consummation, or fulfillment will (a) conflict with, or result in a breach of the terms, conditions, or provisions of, or constitute a violation, conflict, or default under, or give rise to any right of termination, cancellation, or acceleration with respect to, or result in the creation of any lien, charge, or encumbrance upon, any property or assets of West One pursuant to any agreement or instrument under which West One is obligated or by which any of its properties or assets may be bound, including without limitation any material lease, contract, mortgage, promissory note, deed of trust, loan, credit arrangement or other commitment or arrangement of West One in respect of which West One is an obligor, or (b) violate any law, statute, rule, or regulation of any government or agency to which West One is subject, or any judgment, order, writ, injunction, decree, or ruling applicable to West One or any of its properties or assets. None of the execution or delivery of this Agreement, the consummation of the transactions contemplated thereby, or the compliance with or fulfillment of the terms thereof will require any authorization, consent, approval, or exemption by any person which has not been obtained, or any notice or filing which has not been given or done, other than approval of the transactions contemplated by this Agreement by the Board of Governors and the Supervisor.

8.7. Brokers and Advisers. There are no claims for brokerage commissions, finder's fees, or similar compensation arising out of or due to any act of West One in connection with the transactions contemplated by this Agreement or based upon any agreement or arrangement made by or on behalf of West One. West One has not entered into any agreement or understanding with any party relating to financial advisory services provided or to be provided with respect to the transactions contemplated by this Agreement.

8.8. Reports, Capitalization, and Proxy Disclosure.

(a) Since March 31, 1989, West One has effected all registrations and has filed all reports and statements which West One was required to file with the Securities and Exchange Commission. Each of such registrations, reports, and documents is correct as of the date of filing of each respective document and properly reflects the capital accounts of West One (in such cases as the capital accounts are presented).

(b) With respect to any proxy statement prepared by or at the direction of West One in connection with the transaction contemplated by the Agreement, the disclosure provided therein regarding West One and its operations will be accurate and complete as of the date of such proxy statement.

8.9 Disclosure. No representation or warranty hereunder and no certificate, statement, or other document delivered by West One hereunder or in connection with this Agreement or any of the transactions contemplated thereunder contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein, in light of the circumstances under which they were made, not misleading. There is no fact known to West One which might materially adversely affect the business, assets, liabilities, financial condition, results of operations, or prospects of West One which has not been disclosed in West One Financial Statements or a certificate or statement delivered to the Bank by West One. Copies of all documents referred to in this Agreement, unless prepared solely by the Bank or solely by the Bank and third parties hereto, are true, correct, and complete copies thereof and include all amendments, supplements, and modifications thereto and all waivers thereunder.

9. Closing.

9.1. Place and Time of Closing. Closing shall take place at the offices of West One Bank, Washington, Bellevue, Washington, or such other place as the parties choose, commencing at 10:00 a.m., local time, on the Effective Date, provided that all conditions precedent to the obligations of the parties hereto to close have then been met or waived. Any party may postpone Closing for a reasonable period (not to exceed five days) if necessary to enable it to perform any obligations hereunder.

9.2. Events To Take Place at Closing. At the Closing, the following actions will be taken:

(a) Such certificates and other documents as are required by this Agreement to be executed and delivered on or prior to the Effective Date and have not been so executed and delivered, and such other certificates and documents as are mutually deemed by West One and the Bank to be otherwise desirable for the effectuation of the Closing, will be so executed and delivered; and

(b) The Share Exchange and the issuance of shares incident thereto shall be effected; provided, however, that the administrative and ministerial aspects of the issuance of shares incident to the Share Exchange will be settled as soon thereafter as shall be reasonable under the circumstances.

10. Termination, Damages for Breach, Waiver, and Amendment.

10.1. Termination by Reason of Lapse of Time. This Agreement may be terminated by any party on or after February 28, 1993, by instrument duly authorized and executed and delivered to the other parties, unless the Effective Date shall have occurred on or before such date.

10.2. Grounds for Termination. This Agreement may be terminated by written notice of termination at any time before the Effective Date (whether before or after action by shareholders of the Bank) only as provided in Section 10.1 or as follows:

(a) by mutual consent of West One and the Bank;

(b) by West One, upon written notice to the Bank given at any time if any of the representations and warranties of the Bank contained in Section 6 hereof was materially incorrect when made;

(c) by the Bank, upon written notice to West One given at any time if any of the representations and warranties of West

One contained in Section 8 hereof was materially incorrect when made;

(d) by West One, in its sole and absolute discretion, upon written notice to the Bank given within ten (10) business days after delivery by the Bank to West One of Schedule A hereof; or

(e) by either West One or the Bank upon written notice given to the other if the board of directors of either West One or the Bank shall have determined in its sole judgment made in good faith, after due consideration and consultation with counsel, that the Share Exchange has become inadvisable or impracticable by reason of the institution of litigation by the federal government or the government of either the State of Washington or the State of Idaho to restrain or invalidate the transactions contemplated by this Agreement.

10.3. Effect of Termination. In the event of the termination and abandonment hereof pursuant to the provisions of Section 10.1 or Section 10.2, this Agreement shall become void and have no force or effect, without any liability on the part of West One, West One-Washington, or the Bank or their directors or officers or shareholders in respect of this Agreement. Notwithstanding the foregoing, (a) as provided in Section 11.4 of this Agreement, the confidentiality agreement contained in that section shall survive such termination, and (b) if such termination is a result of any of the representations and warranties of a party being materially incorrect when made or a result of the material breach by a party of a covenant hereunder, such party whose representations and warranties were materially incorrect or who materially breached its covenant shall be liable to the other party or parties hereto solely to the extent of the actual, reasonable out-of-pocket expenses incurred by the other party in connection with the negotiation and preparation of this Agreement and the carrying out of the transactions contemplated hereby.

10.4. Waiver of Terms or Conditions. Any of the terms or conditions of this Agreement may be waived at any time prior to the Effective Date by the party which is, or whose shareholders are, entitled to the benefit thereof, by action taken by the board of directors of such party, or by its chairman; provided, however, that such waiver shall be in writing and shall be taken only if, in the judgment of the board of directors or officer taking such action, such waiver will not have a materially adverse effect on the benefits intended hereunder to the shareholders of its or his corporation; and the other parties hereto may rely on the delivery of such a waiver as conclusive evidence of such judgment and the validity of the waiver.

10.5. Amendment.

(a) Anything herein or elsewhere to the contrary notwithstanding, to the extent permitted by law, this Agreement and the exhibits hereto may be amended, supplemented, or interpreted at any time prior to the Effective Date by written instrument duly authorized and executed by each of the parties hereto; provided, however, that this Agreement may not be amended after the action by shareholders of the Bank in any respect that would prejudice the economic interests of such Bank shareholders, or any of them, except as specifically provided herein or by like action of such shareholders.

(b) If West One and the Bank should mutually determine (following receipt of advice of legal or other counsel) that it has become inadvisable or inexpedient to effectuate the transactions contemplated by this Agreement through means of a share exchange such as is contemplated herein, then the parties hereto agree to effect such change in the form of transaction as described especially in Section 1.1 of this Agreement by written instrument in amendment of this Agreement.

11. General Provisions.

11.1. Costs and Expenses.

(a) Allocation of Expenses. Except as provided in Section 10.3 and this Section, each party hereto shall pay its own expenses, including without limitation the expenses of its own counsel and its own accountants and tax advisers, incurred in connection with this Agreement and the transactions contemplated thereby. For purposes of this Section, the cost of printing and delivering the proxy statement and other material to be transmitted to shareholders of the Bank shall be deemed to be incurred on behalf of the Bank.

(b) Fees of Exchange Agent. The reasonable fees and expenses charged by the Exchange Agent in the discharge of its responsibilities hereunder shall be divided equally between West One and the Bank.

11.2. Mutual Cooperation; Access.

(a) Subject to the terms and conditions herein provided, each party shall use its best efforts, and shall cooperate fully with the other party, in carrying out the provisions of this Agreement and in making all filings and obtaining all necessary governmental approvals, and shall execute and deliver, or cause to be executed and delivered, such governmental notifications and additional documents and instruments and do or cause to be done all

additional things necessary, proper, or advisable under applicable law to consummate and make effective the transactions contemplated hereby.

(b) Each party acknowledges to the other its understanding that further investigation of it by the other party may be necessary that such other party may more fully evaluate the merits of the transactions contemplated by this Agreement. To permit such investigation, and not in lieu or prejudice of any other right conferred hereunder, each of the parties shall afford to the other, and to the accountants, counsel, and other representatives of the other, full access during normal business hours, during the period prior to the Effective Date, to all of its properties, books, contracts, commitments and records and, during such period, each shall furnish promptly, or make available, to the other all information concerning its business, properties and personnel as the other party may reasonably request.

11.3. Form of Public Disclosures. West One and the Bank shall mutually agree in advance upon the form and substance of all public disclosures concerning this Agreement and the transactions contemplated hereby.

11.4. Confidentiality. West One and its subsidiaries and the Bank shall use all information that each obtains from the other pursuant to this Agreement solely for the effectuation of the transactions contemplated by this Agreement or for other purposes consistent with the intent of this Agreement. Neither West One, nor its subsidiaries, nor the Bank shall use any of such information for any other purpose, including, without limitation, the competitive detriment of any party. Each of West One and its subsidiaries and the Bank shall maintain as strictly confidential all information it learns from the other and shall, at any time, upon the request of the other, return promptly to it all documentation provided by it or made available to third parties. Each of the parties may disclose such information to its respective affiliates, counsel, accountants, tax advisers, and consultants. The confidentiality agreement contained in this Section 11.4 shall remain operative and in full force and effect, and shall survive the termination of this Agreement.

11.5. Claims of Brokers.

(a) The Bank shall indemnify and hold West One and West One-Washington harmless against any liability or expenses arising out of any claim for brokerage commissions, finder's fees, or similar compensation arising out of or due to any act of the Bank in connection with the transactions contemplated by this Agreement or based upon any agreement or arrangement made by or on behalf of the Bank.

(b) West One shall indemnify and hold the Bank harmless against any liability or expenses arising out of any claim for brokerage commissions, finder's fees, or similar compensation arising out of or due to any act of West One or any of its subsidiaries in connection with any of the transactions contemplated by this Agreement or based upon any agreement or arrangement made by or on behalf of West One or any of its subsidiaries with respect to the Bank.

11.6. Information for Applications and Registration Statement.

(a) Each party represents and warrants that all information concerning it which is included in any statement and application (including the Registration Statement) made to any governmental agency in connection with the transactions contemplated by this Agreement shall not omit any material fact required to be stated therein or necessary to make the statements made, in light of the circumstances under which they were made, not misleading. The party so representing and warranting will indemnify and hold harmless the other, each of its directors and officers, each underwriter and each person, if any, who controls the other within the meaning of the Securities Act, from and against any and all losses, claims, damages, expenses, or liabilities to which any of them may become subject under applicable laws (including, but not limited to, the Securities Act and the Exchange Act) and rules and regulations thereunder and will reimburse them for any legal or other expenses reasonably incurred by them in connection with investigating or defending any actions whether or not resulting in liability, insofar as such losses, claims, damages, expenses, liabilities, or actions arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in any such application or statement or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein, or necessary in order to make the statements therein not misleading, but only insofar as any such statement or omission was made in reliance upon and in conformity with information furnished in writing by the representing and warranting party expressly for use therein. Each party agrees at any time upon the request of the other to furnish to the other a written letter or statement confirming the accuracy of the information contained in any proxy statement, registration statement, report, or other application or statement, and confirming that the information contained in such document was furnished expressly for use therein or, if such is not the case, indicating the inaccuracies contained in such document or draft or indicating the information not furnished expressly for use therein. The indemnity agreement contained in this Section 11.6(a) shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the other

party, and shall survive the termination of this Agreement or the consummation of the transactions contemplated thereby.

(b) In order to provide for just and equitable contribution in circumstances in which the indemnity agreement contained in section 11.6(a) of this Agreement is for any reason held by a court of competent jurisdiction to be unenforceable as to either or both parties, then the parties in such circumstances shall contribute to the aggregate losses, claims, damages and liabilities (including any investigation, legal and other expenses incurred in connection with, and any amounts paid in settlement of, any action, suit or proceeding or any claims asserted) to which any party may be subject in such proportion as the court of law determines based on the relative fault of the parties.

11.7. Standard of Materiality. For purposes of Sections 4, 6, and 7 and Exhibit II hereof, the terms "material" and materially" shall be deemed to refer to amounts individually and in the aggregate in excess of $50,000, except that when used with explicit reference to any of the federal securities laws or to the Registration Statement, the terms "material" and "materially" shall be construed and understood in accordance with standards of materiality as judicially determined under the federal securities laws.

11.8. Counterparts. This Agreement may be executed in two or more counterparts each of which shall be deemed to constitute an original, but such counterparts together shall be deemed to be one and the same instrument and to become effective when one or more counterparts have been signed by each of the parties hereto. It shall not be necessary in making proof of this Agreement or any counterpart hereof to produce or account for the other counterpart.

11.9. Entire Agreement. This Agreement sets forth the entire understanding of the parties hereto with respect to their commitments to each other and their undertakings vis-a-vis each other on the subject matter hereof. Any previous agreements or understandings between the parties regarding the subject matter hereof are merged into and superseded by this Agreement. Nothing in this Agreement express or implied is intended or shall be construed to confer upon or to give any person, other than West One and its subsidiaries and the Bank and their respective shareholders, any rights or remedies under or by reason of this Agreement.

11.10. Survival of Representations, Warranties, and Covenants. The respective representations, warranties, and covenants of each party to this Agreement are hereby declared by the other parties to have been relied on by such other parties. Except for the representations and warranties set forth in Section 6.32 of this Agreement, which shall survive the Effective Date for a period of five years after the Effective Date, no representation, warranty, and covenant shall survive the Effective Date. Notwithstanding the foregoing, any representation, warranty, or covenant made in connection with this Agreement which is breached as a result of fraud, willful misrepresentation, or gross negligence by a party shall survive the Effective Date. Each party shall be deemed to have relied upon each and every representation and warranty of the other parties regardless of any investigation heretofore or hereafter made by or on behalf of such party.

11.11. Section Headings. The section and subsection headings herein have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms or provisions hereof. Any reference to a "person" herein shall include an individual, firm, corporation, partnership, trust, government or political subdivision or agency or instrumentality thereof, association, unincorporated organization, or any other entity.

11.12. Notices. All notices, consents, waivers, or other communications which are required or permitted hereunder shall be in writing and deemed to have been duly given if delivered personally or by messenger, transmitted by telex or telegram, by express courier, by facsimile transmission, or sent by registered or certified mail, return receipt requested, postage prepaid. All communications shall be addressed to the appropriate address of each party as follows:

If to West One or West One-Washington:

West One Bancorp
Post Office Box 8247
Boise, Idaho 83733

Attention: Mr. D. Michael Jones
President

With a required copy to:

Brian D. Alprin, Esq.
Metzger, Gordon, Scully & Mortimer
1275 K Street, N.W., Suite 1000
Washington, D. C. 20005

If to the Bank:

Yakima Valley Bank
Post Office Box 1629
Yakima, Washington 98907

Attention: Mr. Douglas R. Pringle
President and Chief Executive Officer

With a required copy to:

Andrew Bor, Esq.
Perkins Coie
1201 Third Avenue
Seattle, Washington 98101-3099

All such notices shall be deemed to have been given on the date delivered, transmitted, or mailed in the manner provided above.

11.13. Choice of Law and Venue. This Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Washington, without giving effect to the principles of conflict of law thereof. The parties hereby designate King County, Washington, to be the proper jurisdiction and venue for any suit or action arising out of this Agreement, and further consent to personal jurisdiction in such venue for such a proceeding.

11.14. Binding Agreement. This Agreement shall be binding upon the parties and their respective successors and assigns.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

[SEAL]

WEST ONE BANCORP

Attest: _____ By: _____

Dwight V. Board
Secretary

D. Michael Jones
President

[SEAL]

WEST ONE BANCORP, WASHINGTON

Attest: _____ By: _____

Dwight V. Board
Secretary

D. Michael Jones
~~Vice~~ President

[SEAL]

YAKIMA VALLEY BANK

Attest: _____ By: _____

Douglas R. Pringle
President and
Chief Executive Officer

State of Idaho)
) ss.
County of Ada)

On this 24th day of April, 1992, before me personally appeared D. Michael Jones, to me known to be the President of West One Bancorp, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

In Witness Whereof I have hereunto set my hand and affixed my official seal the day and year first above written.

Notary Public

State of Idaho)
) ss.
County of Ada)

On this 2nd day of April, 1992, before me personally appeared D. Michael Jones, to me known to be the ~~Vice~~ President of West One Bancorp, Washington, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

In Witness Whereof I have hereunto set my hand and affixed my official seal the day and year first above written.

Notary Public

State of Washington)
) ss.
County of Yakima)

On this _____ day of April, 1992, before me personally appeared Douglas R. Pringle, to me known to be the President and Chief Executive Officer of Yakima Valley Bank, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

In Witness Whereof I have hereunto set my hand and affixed my official seal the day and year first above written.

Notary Public

EXHIBIT 11 - Statement regarding computation of per share earnings

Computation for the quarter ended (Dollars in thousands, except per share data)	March 31, 1992	March 31, 1991
Primary earnings per share:		
Weighted average number of shares		
Common stock equivalents computed under the treasury stock method using average market price	14,042,501	13,824,649
	181,544	129,059
Total	14,224,045	13,953,708
Fully diluted earnings per share:		
Weighted average number of shares		
Common stock equivalents computed under the treasury stock method using the greater of ending or average market price	14,042,501	13,824,649
	207,409	151,970
Other potentially dilutive securities	1,343,725	-
Total	15,593,635	13,976,619
Net income	$14,213	$11,118
Interest expense (net of tax) incurred for other potentially dilutive securities	588	-
Earnings per share:		
Primary	1.00	.80
Fully diluted	.95	.80